March 12, 1998

Wayne Morgan
Air Pollution Control Officer
North Coast Unified AQMD
2300 Myrtle Avenue
Eureka, CA 95501

Dear Mr. Morgan:

The purpose of this letter is to provide our comments on the proposed North Coast AQMD Title V permits for Fairhaven Power Co. and Ultrapower III, which were received by EPA on January 26, 1998. In accordance with 40 CFR §70.8(c), and the North Coast Unified AQMD Rule 540(d), the EPA has reviewed the proposed permits during our 45-day review period.

EPA is concerned with the proposed frequency of compliance testing for particulate matter, which we do not believe is sufficient to demonstrate compliance and generate data for annual title V compliance certifications. In addition, the permits do not contain some permit content requirements of 40 CFR Part 70, and various District regulations. These missing requirements must be in all title V permits. We have reached verbal agreement with the District on the resolution of several of these issues, and we expect that we will be able to resolve the remaining issues. Therefore EPA is not objecting to the proposed permits.

We look forward to working with you to resolve any outstanding issues. Please do not hesitate to call me or Roger Kohn of my staff at (415) 744-1238 If you have any questions.

Sincerely,

Matt Haber
Chief, Permits Office
Air Division
Enclosures

cc: Ray Menebroker, ARB
Dallas Peavey, Ultrapower III
Ron Auzenne, Fairhaven Power

EPA Region 9 Comments on Proposed Title V Permits
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1. In both permits, the District includes language in section III.B and III.C stating that beginning on July 1, 1999 the averaging times for the CO and NOx limits will be daily. Increasing the averaging time for emission limits from three hours to daily makes those limits less stringent. Such changes could not be made without showing that the relaxed limits meet all New Source Review requirements, including compliance with all National Ambient Air Quality Standards and BACT emission limits. Also, the District must follow proper permit amendment procedures to change the averaging times, and cannot use the issuance of an initial title V permit as a way to change underlying applicable requirements. The Authority to Construct (ATC) permit would have to be modified before a title V permit could be proposed or modified to include this change. If the ATC is in fact modified at a

later date, the title V permit could be modified at that time to reflect the change.

The District has agreed in a telephone conversation to remove this language from the title V permits.

2. The District has not provided a justification for its decision to require source testing for particulate matter for both sources only once per permit term. The AP-42 emission factor for wood-fired boilers using electrostatic precipitators (Table 1.6-1) is 0.17 lb/ton, which when multiplied by the conversion factor of 0.11, predicts emissions of 0.0187 lb/MMBtu. While this is less than the permitted emission limit of 0.04 lb/MMBtu, it is not adequate to show that the source could not violate the limit, because the emission factor has a low rating (D). In addition, we believe that emissions could vary significantly based on the fuel used. Given the possibility that the emission limit could be violated, EPA believes that source testing only once per permit term may not be adequate. In general, EPA believes that when using AP-42 emission factors to justify little or no monitoring, predicted emissions should be less than the limit by an order of magnitude. In this case, we recommend at least annual testing to demonstrate compliance and generate data for title V compliance certifications.

If the District is concerned about frequent testing of sources that always demonstrate compliance, one approach would be to include provisions in the title V permit that could allow less frequent testing. If compliance is demonstrated for three consecutive years, some annual tests could be waived, with a return to annual testing if any test demonstrates non-compliance or emissions that are not significantly below the limit. Note that in order to waive annual testing, the permit should specify a level at which annual testing could be waived. This level should be set after considering the source's potential to have emissions over the course of the year which exceed emissions measured during the stack test. Less frequent testing could also be justified if past source test data exists that demonstrates emissions well below the limit

Thus, in the absence of source test data or an engineering evaluation to support the proposed monitoring frequency of once per permit term, EPA believes annual testing should be required. As the District has suggested, adding parameter monitoring for the electrostatic precipitators would also enhance the periodic monitoring for particulate emissions. The District has agreed, in conversations with EPA, to add annual stack testing for particulate matter to the final permits.

3. Neither permit contains a condition requiring the sources to submit reports of any required monitoring to the District every six months, in accordance with District Rule 460(a) and 40 CFR 70.6(a)(3). Note that this requirement is independent of the reporting requirement in condition D.4, which calls for semi-annual reports to document the compliance schedule of any source out of compliance. Submittal of semi-annual monitoring reports, regardless of a source's compliance status, is a requirement of all title V permits. The District must add this to the final permits.

In addition, condition D.4 lacks the requirements of 460(e) regarding the level of detail required in the semi-annual progress reports on compliance schedules. The District should add this language to the permits.

4. EPA recommends defining the term "prompt" in these and all title V permits, since it is not defined in District regulations. The permits do not define "prompt" in condition F.2, which requires deviation reporting, or elsewhere in the permit. In EPA's Interim Approval of the District's Title V program, EPA stated that "an acceptable alternative to defining in the regulation what constitutes "prompt" is to define "prompt" in each individual permit." Also, District Rule 625 states that "the permit shall contain a condition or conditions specifying what constitutes prompt reporting of deviations from a permit requirement." EPA believes that "prompt" should generally be defined as requiring reporting within two to ten days of the deviation. The District may include any shorter time that it believes necessary to protect public health and safety.

5. The provisions of District Rule 450, Emergency Events, are missing from both permits. A condition or condition with these provisions must be added to the permits.

6. Two requirements of District Rule 610, General Requirements of Permit Content, are missing from both permits. The language from section (g)(5) regarding staying of permit conditions must be added to the permits. In addition, the permits must say, pursuant to section (g)(3), that violation of any permit condition is grounds for "monetary civil penalties", in addition to the other stated enforcement actions.

7. Condition B does not explicitly grant inspection and entry rights to ARB and EPA officials, as required in District Rule 610(e).

8. Conditions IV.A.3 in both permits state that "effective July 1, 1999...", the permittee shall install and operate a Continuous Emissions Monitoring system. This language raises some doubt as to whether the CEM must be completely installed and operational by that date, or whether the installation process must merely commence by that date. EPA recommends clarifying this condition by specifying that the CEM must be installed, maintained, and operating at all times by "no later than" July 1, 1999.

9. Condition F.1 is missing the requirement to include the "results of the analysis", in accordance with District Rule 455(a)(4), in addition to the other stated monitoring and support information.

10. The District should add provisions to the permits to require periodic testing for the Btu content of the fuel, so that the emission limits are enforceable as a practical matter.

Both permits express the emission limits for CO and NOx in pounds per million Btu of heat input. While limits expressed in this way are generally appropriate for fossil fuel-fired units, it is problematic for wood waste burners. The uncertainty of the Method 19 F Factors due to the varying Btu value of wood waste make the limits difficult to enforce. The District is correct in bringing the ATC conditions with these limits into the title V permits, since these are the current emission limits that are applicable to the sources. However, EPA recommends that in the future District ATCs use both a pounds per hour limit and a parts per million limit set to a particular diluent value. This change would make the permits more enforceable as a practical matter.